SEC. 1403. CORRECTION OF ANNUITY COMPUTATION FOR SURVIVORS OF CERTAIN RETIREMENT-ELIGIBLE OFFICERS DYING WHILE ON ACTIVE DUTY

(a) ANNUITY COMPUTATION BASED ON FINAL BASIC PAY.—Paragraph (3) of section 1451(c) of title 10, United States Code, is amended to read as follows:

"(3) In the case of an annuity provided by reason of the service of a member described in section 1448(d)(1)(B) or 1448(d)(1)(C) of this title who first became a member of a uniformed service before September 8, 1980, the retired pay to which the member would have been entitled when he died shall be determined for purposes of paragraph (1) based upon the rate of basic pay in effect at the time of death for the grade in which the member was serving at the time of death, unless (as determined by the Secretary concerned) the member would have been entitled to be retired in a higher grade/'.

(b) ADJUSTMENT OF ANNUITIES ALREADY IN EFFECT.—10 use 1451 note.

(1) RECOMPUTATION.—The Secretary concerned shall recompute the annuity of any person who on the effective date specified in subsection (d) is entitled to an annuity under the Survivor Benefit Plan by reason of eligibility described in section 1448(d)(1)(B) or 1448(d)(1)(C) of title 10, United States Code, and who is further described in subsection (c).

(2) AMOUNT OF RECOMPUTED ANNUITIES.—The amount of the annuity as so recomputed shall be the amount that would be in effect for that annuity on the effective date specified in subsection (d) if the annuity had originally been computed subject to the provisions of paragraph (3) of section 1451(c) of title 10, United States Code, as amended by subsection (a).

(c) PERSONS ELIGIBLE FOR RECOMPUTATION.—A person is eligible to have an annuity under the Survivor Benefit Plan recomputed under subsection (b) if—

(1) the annuity is based upon the service of a member of the uniformed services who died on active duty during the period beginning on September 21, 1972, and ending on the effective date specified in subsection (d); and

(2) the retired pay of that member for the purposes of determining the amount of the annuity under the Survivor Benefit Plan was computed using a rate of basic pay lower than the rate of basic pay in effect at the time of death for the grade in which the member was serving at the time of death.

(d) EFFECTIVE DATE.—An annuity recomputed under subsection (b) shall take effect as so recomputed on March 1, 1990.

SEC. 1404. PROGRAM TO PROVIDE SUPPLEMENTAL SPOUSE ANNUITY FOR MILITARY RETIREES

(a) ESTABLISHMENT OF PROGRAM.—(1) Effective on October 1, 1991, chapter 73 of title 10, United States Code, is amended by adding at the end the following new subchapter: Effective date.

"SUBCHAPTER III—SUPPLEMENTAL SURVIVOR BENEFIT PLAN

"Sec.

"1456. Supplemental spouse coverage: establishment of plan; definitions.
"1457. Supplemental spouse coverage: payment of annuity; amount.
"1458. Supplemental spouse coverage: eligible participants; elections of coverage.
"1459. Former spouse coverage: special rules.